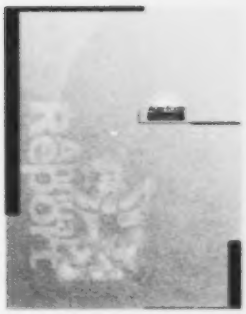
Annual Report



a lasting legacy

AGRI-FOOD INNOVATION FUND

Canada Saskatchewan

A New Approach

The Canada-Saskatchewan Agri-Food Innovation Fund represented a new approach and a new attitude in federal-provincial funding for agriculture.

For each project, specific objectives and measurable goals were developed before any money was committed.

The process took time and discipline but resulted in more effective use of public funds.

The structure for the administration of AFIF incorporated strong industry participation and representation.

The new approach was unique in a number of ways:

- The AFIF agreement was managed by a 12-member board of directors with the majority of representation on the board from industry, not government;
- Committees consisting of industry and government representatives co-operatively developed specific strategies to address opportunities and constraints within certain sectors of agriculture and agribusiness.

AFIF's Objectives

AFIF addressed both the federal and provincial governments' long-term objectives of creating wealth and opportunities for rural Saskatchewan in the agri-food industry.

A key component of the AFIF agreement was that funding should benefit the industry as a whole rather than any one individual or commodity.

The AFIF objectives were:

- To support the development of emerging primary and value-added agriculture sectors in Saskatchewan by providing assistance for research, development and infrastructure needs; and;
- To facilitate transition to a more market-driven economy for the Saskatchewan agri-food industry by enhancing the diversification of the Saskatchewan agri-food industry, supporting research and development in the agri-food industry and encouraging Saskatchewan farmers and rural residents to create economic opportunities and jobs.

AFIF Support Since 1995

Sector	No. of Projects	Total Support
Biotechnology	27	$20 million
Food processing	8	$13 million
Horticulture	24	$3 million
Information technology	9	$2 million
Non-food processing	41	$7 million
Specialty crops	19	$12 million
Specialized livestock	37	$4.5 million
Sustainable agriculture	31	$8.7 million
Reserve Funding	104	$17.8 million
TOTALS	**300**	**$88 million**
Administration		$3 million
Total AFIF Allocations		**$91 million**

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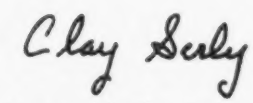
Her Honour the Honourable Dr. Lynda M. Haverstock
Lieutenant Governor
Province of Saskatchewan
Government House
Regina, Saskatchewan

October 3, 2002

Your Honour:

I have the honour to submit herewith the Annual Report of the Canada-Saskatchewan Agri-Food Innovation Fund for the 12 months ending March 31, 2002.

I have the honour to be, Madam, your obedient servant.



Honourable Clay Serby
Deputy Premier
Minister
Saskatchewan Agriculture, Food and Rural Revitalization

103-02730/

Honourable Lyle Vanclief
Minister of Agriculture and Agri-Food Canada
Sir John Carling Building
930 Carling Avenue
Ottawa, Ontario
K1A 0C5

Honourable Clay Serby
Deputy Premier
Minister
Saskatchewan Agriculture, Food and Rural Revitalization
Room 307,
Legislative Building
Regina, Saskatchewan
S4S 0B3

Dear Sirs:

We are pleased to present herewith the Annual Report of the Canada-Saskatchewan Agri-Food Innovation Fund for the 12 months ending March 31, 2002.

Respectfully submitted:

Bob Wettlaufer,
Director General,
Prairie Farm Rehabilitation Administration (PFRA)
Agriculture & Agri-Food Canada (AAFC)
Federal Co-Chair,
Board of Directors,
Canada-Saskatchewan Agri-Food Innovation Fund

Maryellen Carlson,
Assistant Deputy Minister,
Saskatchewan Agriculture, Food and Rural Revitalization
Provincial Co-Chair,
Board of Directors,
Canada-Saskatchewan Agri-Food Innovation Fund

Innovation, diversification, change. These three words describe what the Canada-Saskatchewan Agri-Food Innovation Fund (AFIF) has meant to the province's agriculture and agri-food sector. Since its inception in 1995, the AFIF has helped Saskatchewan's agriculture and agri-food sector innovate and find new ways to ensure its future success.

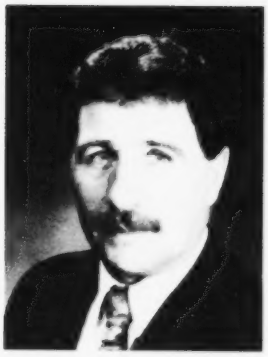
Now, as the program sunsets, we can look back with pride on what it helped accomplish. Over the course of seven years, the AFIF has contributed $91 million to 300 initiatives. Each project is an investment in the future of Saskatchewan, and each investment is designed to produce dividends in the form of economic benefits and new opportunities.

By working through the AFIF to help support rural economic activity, increase skills and knowledge, and improve infrastructure, the Government of Canada has demonstrated its commitment to the creation of a dynamic and diversified agriculture and agri-food industry that will continue to thrive in the 21st century.

Today, the AFIF initiative might be coming to a close, but its spirit lives on. Through the proposed Agricultural Policy Framework that we are developing with provinces, territories, industry stakeholders and Canadians, we are committed to helping to ensure the sector's long-term success and profitability. Our goal is to make sure that Canada's agriculture and agri-food sector is not only well-positioned to meet the challenges of the global marketplce, but that it is recognized as the world leader in food safety and food quality, innovation and environmentally responsible production.

To everyone involved in the AFIF over the past seven years, I would like to congratulate and thank you for your commitment and dedication in helping us to achieve this goal.

Honourable Lyle Vanclief
Minister
Agriculture and Agri-Food Canada



After seven years, the Canada-Saskatchewan Agri-Food Innovation Fund (AFIF) has ended, but the positive, long-term benefits for Saskatchewan's agricultural sector that this unique federal-provincial partnership has created will be evident for decades to come.

AFIF's invaluable support has encompassed several sectors of the agriculture economy including specialty crops, specialized livestock, biotechnology, food processing, horticulture, information technology, non-food processing and sustainable agriculture.

Since its incorporation, AFIF has provided $91 million in assistance to 300 research, development, infrastructure and marketing projects, which has generated hundreds of millions of dollars for the province's economy, as well as assisted in sustaining our dynamic agriculture and food industry.

Last September the Saskatchewan Food Industry Development Centre, the largest single project AFIF ever supported, became fully operational in Saskatoon. AFIF's support in making this expanded state-of-the-art development and testing facility a reality for the province's 300 food-processing companies has significantly contributed to the fastest growing sector of Saskatchewan agriculture – our food processing industry.

Additionally, AFIF's efforts have gone beyond monetary endowments and have included such activities as helping establish new agricultural organizations in the province, promoting Saskatchewan-grown products and assisting in collaboration on research with groups as diverse as pulse growers and bison producers.

AFIF has expressed a spirit of innovation, ingenuity and perseverance that echoes the spirit of this province and its people. Its investments have and will continue to help position the province's agriculture and food industry for the future and on a global level.

Clay Serby

Honourable Clay Serby
Deputy Premier
Minister
Saskatchewan Agriculture, Food and Rural Revitalization

Board of Directors Report

To Members of the Legislative Assembly of Saskatchewan

The Board of Directors of the Agri-Food Innovation Fund of Saskatchewan is responsible for the integrity of the accompanying financial statements and all other information in this 2001-2002 Annual Report. It is the responsibility of management to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in Canada.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are appropriately recorded in order to permit preparation of financial statements; and, assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal controls based on the premise that the cost of such controls should not exceed the benefits derived therefrom.

The financial statements have been audited by the Provincial Auditor of Saskatchewan. The report to the Members of the Legislative Assembly, stating the scope of the examination and opinions on the financial statements appears on the following pages.

Bob Wettlaufer,
Director General,
Prairie Farm Rehabilitation
Administration (PFRA)
Agriculture & Agri-Food Canada (AAFC)
Federal Co-Chair,
Board of Directors,
Canada-Saskatchewan Agri-Food
Innovation Fund

Maryellen Carlson,
Assistant Deputy Minister,
Saskatchewan Agriculture, Food and Rural
Revitalization
Provincial Co-Chair,
Board of Directors,
Canada-Saskatchewan Agri-Food
Innovation Fund

Bob Wettlaufer, Co-Chair (Federal)
Director General,
Prairie Farm Rehabilitation Administration (PFRA), Regina
Agriculture & Agri-Food Canada (AAFC)

Ms. Maryellen Carlson, Co-Chair (Provincial)
Assistant Deputy Minister, Saskatchewan Agriculture, Food and Rural Revitalization, Regina

Ms. Joan Chase	Meota
Dr. Louise Greenberg	Regina
Mr. Louis Hradecki	Meath Park
Ms. Janet Ledingham	Weyburn
Dr. George Lee	Saskatoon
Mr. Doug Maley	Saskatoon
Ms. Linda Pipke	Saskatoon
Dr. Gordon Rowland	Saskatoon
Mr. Don Russell	Rosetown
Mr. Don Tait	Elrose

Agri-Food Innovation Fund Secretariat

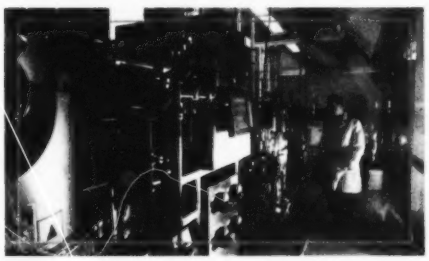
Ms. Elin Viberg,
Co-Secretary to the Board of Directors (Federal) and Program Leader (Federal)
Prairie Farm Rehabilitation Administration (PFRA), Regina
Agriculture & Agri-Food Canada (AAFC)

Mr. John Babcock,
Co-Secretary to the Board of Directors (Provincial) and Program Leader (Provincial)
Saskatchewan Agriculture, Food and Rural Revitalization, Regina

Staff management services are provided through the Agriculture Research Branch of Saskatchewan Agriculture, Food and Rural Revitalization.

The agricultural sector of Saskatchewan's economy became stronger and more diversified in the past seven years as a result of 300 projects which received $91-million in assistance from the Canada-Saskatchewan Agri-Food Innovation Fund (AFIF).

The research, development, infrastructure and marketing projects supported by the AFIF will leave a lasting legacy and help Saskatchewan's agricultural economy continue to grow for years to come.



Established in 1995, AFIF was funded two-thirds by the federal government and one-third by the province.

Goals and objectives for AFIF were set by working groups of producers, researchers and government officials to target eight key areas of the agricultural economy:

- Biotechnology
- Food processing
- Horticulture
- Information technology
- Non-food processing
- Specialty crops
- Specialized livestock
- Sustainable agriculture

During the past 12 months, the largest single project AFIF ever supported became fully operational.

The Saskatchewan Food Industry Development Centre celebrated its Grand Opening in September with the unveiling of expanded state-of-the-art development and testing facilities for the province's 300 food-processing companies.

A new commercial kitchen, laboratory and federally inspected pilot processing plant are at the heart of the expanded Saskatoon-based centre. The Food Centre received $13.8 million from the AFIF, making it the largest single project to be supported by the Fund.

The AFIF support recognizes food processing is the fastest growing sector of Saskatchewan agriculture. Saskatchewan food processing companies employ more than 7,000 people and have an annual payroll of $227 million.

The Food Centre provides production and marketing advice to Saskatchewan food processors, and is the focal point for co-ordination and delivery of existing and new technical, business, educational and human resource services for the industry. The Food Centre can handle development of export-ready meat, fruit and vegetable products.

During the life of AFIF some projects produced an immediate impact on the economy, while benefits will continue to accrue for years to come from other AFIF-supported initiatives.

For example, AFIF provided a total of $11.1 million in endowments to the University of Saskatchewan, which will continue to help fund research in areas such as biotechnology and food research for many years.

Infrastructure paid for by AFIF will help the food sector (Food Centre in Saskatoon), specialized livestock (Stockman's Arena in Regina), non-food processing (Crop Development Centre in Humboldt) and horticulture (vegetable facilities in Outlook).

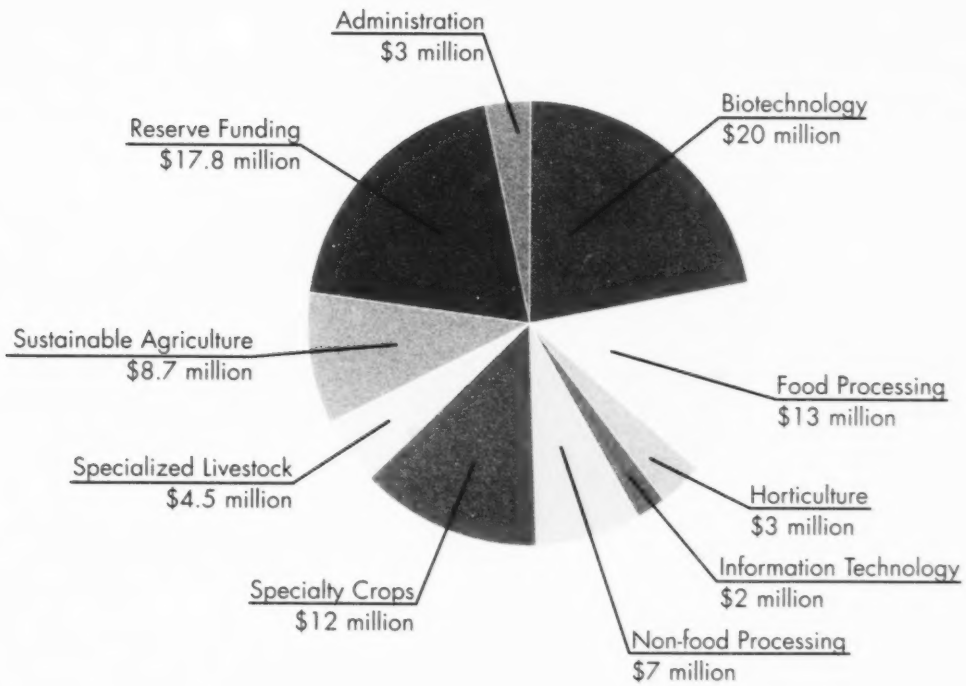
New equipment, tools and techniques were provided for a wide array of research and development projects in the province's booming agriculture biotechnology sector.

AFIF also helped establish new agricultural organizations such as the Saskatchewan Nutraceutical Network, promote Saskatchewan-grown products through SaskBounty and the Saskatchewan Native Fruit Growers' Association, collaborated on research with groups as diverse as pulse growers and bison producers as well as tested specialty crops at seven different locations across the province.

AFIF is winding down, but the real benefits to producers and taxpayers from the unique federal-provincial initiative will continue to ripple across the province and throughout the Saskatchewan economy for decades to come.

Here is a thumbnail look at the support AFIF provided each of the eight sectors of the agriculture economy over the past seven years of operation:

AFIF Expenditures



Biotechnology

A total of $20 million was provided to 27 biotechnology projects by AFIF. That support included a $3.5-million endowment for the Agricultural Biotechnology Initiative (ABI) at the University of Saskatchewan's College of Agriculture, plus a research chair in agriculture biotechnology. The program supports the training of masters and doctoral students.

AFIF also helped advanced research by funding construction of new facilities.

The Saskatchewan Research Council received $3.27 million from AFIF to create a contract fee-for-service laboratory in fermentation and cell culture technologies. Products being tested and developed by the multi-disciplinary staff of nine include plant inoculants, animal vaccines and biocontrol agents.

In addition, more than $3.2 million supported studies using genomics-based research to improve canola seed varieties.

Food Processing

Food processing is the largest part of the province's manufacturing sector. As a result, the largest single investment by AFIF – $13 million – was provided to the Saskatchewan Food Industry Development Centre.

AFIF money will be used to help develop and test new Made In Saskatchewan food products.

Saskatchewan's 300 food processors now employ 7,400 people, up from 6,300 when AFIF began. There are 73 food processing companies in Saskatchewan that export goods, an increase of 30 since 1995.

Horticulture

A small, but rapidly growing sector of the agricultural economy is horticulture. AFIF provided 24 horticulture projects with $3 million.

In 1993, prior to the creation of AFIF, Saskatchewan growers were producing roughly 500 acres of seed potatoes annually. Now, with support form AFIF, the province produces about 5,000 acres of seed potatoes each year generating a return estimated at $20 million.

AFIF also provided assistance to native fruit growers, research into chokecherry and

Saskatoon berry production as well as work to export strawberry crowns and garlic to California.
A lasting legacy for the horticulture industry is the potato and vegetable handling, storage and processing facilities in Outlook built with $250,000 from AFIF.

Information Technology

Nine information technology projects received a total of $2 million from AFIF.

The Managing Technology for Agriculture Information (MTAI) project was coordinated for AFIF by the Agricultural Institute of Management of Saskatchewan (AIMS). The MTAI project provided about 2,000 producers with training opportunities to learn about using information technology and the Internet. It also offered online workshops on Web-based course delivery for Information Technology (IT) instructors in regional colleges, demonstrated the potential of Webcasting and sponsored the IT Works conference.

Another high-profile AFIF-supported project was AgriCarta, which improved access to market and production information on the Web by organizing more than 6,000 documents covering almost 900 areas of interest. Up to 20,000 users accessed AgriCarta each month.

Non-Food Processing

The 41 projects in the non-food processing sector received $7 million. AFIF-supported projects are aimed to develop a diverse and competitive market-driven sector, which processes biological material into useful products and ingredients for sale into Canadian and international markets.

Over the past four years, 23 projects were launched under a joint $2 million effort between AFIF and the National Research Council's Industrial Research Assistance Program (IRAP). These projects have included such things as industrial applications for canola oil or extracting essential oils form crops that could then be used in neutraceutical, cosmetic or pharmaceutical applications.

Another AFIF-supported project in Humboldt saves clients money.

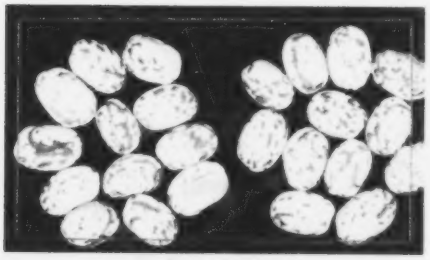
The Prairie Agricultural Machinery Institute (PAMI) utilized $1.4 million from AFIF to create the Crops Processing Development Centre. This new facility is designed to maximize the utilization of crop material for feed, fibre and fuel use. PAMI predicts the facility will indirectly create $84 million sales and 350 jobs for the industry over the next seven years.

Specialty Crops

AFIF provided 19 projects with $12 million in the specialty crop sector.

Applied research and demonstration sites for specialty crops were established under the $4.6 million AFIF-supported "Spoke" program at Canora, Indian Head, Melfort, Outlook, Redvers, Scott and Swift Current. The collaborative effort involved organizations representing producers of herb and spice crops, pulse growers and organic producers.

More than two dozen other AFIF-supported projects conducted research into chickpeas, dry beans, flax, spice breeding and making canary seed edible for humans.



A network of regional testing sites for sunflower, dry beans and chickpeas was developed. Management packages for weed, disease and insect control in alfalfa seed production were also put together for producers.

In addition, AFIF provided a $2.6-million endowment for a "chair" position at the Crop Development Centre to develop high-yielding bean and chickpea cultivars with increased disease resistance, climatic adaptation, cold tolerance and improved harvestability.

Specialized Livestock

The $4.5 million AFIF provided the 37 projects in specialized livestock was used to help projects ranging from DNA technology in bison and mortality rates in elk calves to infrastructure enhancements at Canadian Western Agribition.

One of the premiere livestock show and sales in North America – Canadian Western Agribition – utilized the $2.1 million from AFIF to create a Specialized Livestock Centre that includes a Stockman's Arena and International Business Centre. As a result, many industry officials believe Agribition facilities now are even better than those in Denver, the home of the world's largest livestock show and sale.

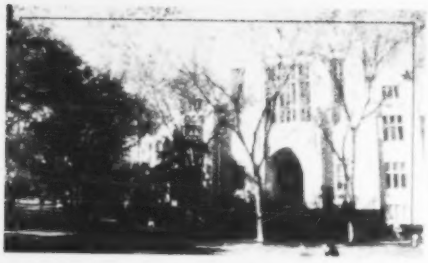
A $2-million endowment from AFIF ensures there is a "chair" for specialized livestock within the Western College of Veterinary Medicine (WCVM) at the University of Saskatchewan.

AFIF also supported alpacas, bison, elk, goat, llama and reindeer research and marketing projects.

Sustainable Agriculture

Among the largest number of projects AFIF supported was in the sustainable agriculture sector, which received $8.7 million in assistance.

Those projects ranged from the $2.3 million for developing ways to improve rural water quality to a $6,000 initiative that was set up to look at ways of possibly combining municipal effluent with liquid hog manure in an effluent lagoon system. Over the past few years, the Termuende Research Farm operated by the Western Beef Development Centre near Lanigan has seen big changes as a result of AFIF. New pens and feed bunks were built to accommodate 1,000 head of cattle. The AFIF support also resulted in a new calving barn that has turned Termeunde into a valuable research facility for Saskatchewan's growing beef cattle industry.



A big project on sustainable forage systems was created, led by the Saskatchewan Stock Growers' Association.

Many research and demonstration organizations received help, including the Saskatchewan Soil Conservation Association and the Conservation Learning Centre near Prince Albert.

Precision farming techniques were explored and there are also a number of research initiatives to explore the use of swine manure as a source of fertilizer.

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Financial Statements

For the Year Ended March 31, 2002

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V2

Phone: (306) 787-6398
Fax: (306) 787-6383
Internet e-mail: info@auditor.sk.ca

SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Agri-Food Innovation Fund as at March 31, 2002 and the statements of revenue, expenditure and net financial assets and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Fund received transfers from the General Revenue Fund under a shared-cost agreement with the federal government. The Fund recorded these transfers as revenue in the year they were received. However, transfers under shared-cost agreements should be recorded as revenue when the related eligible expenditures are incurred. Any transfers received in advance should be recorded as deferred revenue. Had the Fund properly recorded these transfers, revenue from the Government of Saskatchewan would have increased by $2,886,854 (2001 – $0) and the deficit for the year would have decreased by $2,886,854 (2001 – $0). Also, deferred revenue would have increased by $5,493,146 (2001 – $8,380,000) and net financial assets at the end of the year would have decreased by $5,493,146 (2001 – $8,380,000).

In my opinion, except for the effects of the failure to properly record the transfers as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 27, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

AGRI-FOOD INNOVATION FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
FINANCIAL ASSETS		
Due from General Revenue Fund (Notes 3 & 4)	$ 10,182,767	$ 13,980,248
Interest receivable (Notes 3 & 4)	51,244	192,586
Accounts receivable	99,760	212,007
Prepaid expenditure	2,171,731	2,624,140
	12,505,502	17,008,981
LIABILITIES		
Accounts payable	1,260,596	2,743,565
Deferred revenue	-	581,655
	1,260,596	3,325,220
NET FINANCIAL ASSETS (Statement 2)	$ 11,244,906	$ 13,683,761

(See accompanying notes to the financial statements)

Statement 2

AGRI-FOOD INNOVATION FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET FINANCIAL ASSETS
Year Ended March 31

	2002	2001
Revenue		
Government of Canada (Note 6)	$ 2,858,990	$ 12,403,794
Interest revenue (Note 4)	420,218	731,146
Government of Saskatchewan - General Revenue Fund (Note 3)	-	150,000
Miscellaneous	27,781	18,349
Total revenue	3,306,989	13,303,289
Expenditure		
Contractual services - Strategic Projects	5,463,740	12,181,244
Board expenditures	14,484	40,497
Office supplies	1,637	21,315
Communication activities	265,983	179,088
Total expenditure	5,745,844	12,422,144
(Deficit) Surplus for the year	(2,438,855)	881,145
Net financial assets, beginning of year	13,683,761	12,802,616
Net financial assets, end of year - to Statement 1	$ 11,244,906	$ 13,683,761

(See accompanying notes to the financial statements)

Statement 3

AGRI-FOOD INNOVATION FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2002	2001
Cash Flows from operating activities:		
Cash receipts from the Government of Canada	$ 89,788	$ 4,178,232
Cash refunds from contractors	41,929	18,349
Interest received	565,247	836,801
Cash paid to contractors and suppliers	(4,644,445)	(7,065,475)
Cash flows from operating activities	(3,947,481)	(2,032,093)
Cash Flows from financing activities:		
Cash receipts from the General Revenue Fund	150,000	---
Net decrease in cash and cash equivalents	(3,797,481)	(2,032,093)
Cash and cash equivalents, beginning of year (Note 2)	13,980,248	16,012,341
Cash and cash equivalents, end of year (Note 2)	$ 10,182,767	$ 13,980,248

(See accompanying notes to the financial statements)

AGRI-FOOD INNOVATION FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. *Authority and Definition*

The Agri-Food Innovation Fund was established effective March 31, 1995 pursuant to Section 3 of *The Agri-Food Innovation Act* as a corporation. The purpose of the Fund is to enhance the diversification of the Saskatchewan agriculture and food industry, support research and development and encourage farmers and rural residents to create economic opportunities and jobs. On September 25, 1995, the Government of Saskatchewan entered into the Canada-Saskatchewan Agri-Food Innovation Agreement (Agreement) with the Government of Canada to achieve this purpose.

The Fund is administered by the Agri-Food Innovation Fund Board.

The Board has entered into contracts with various contractors to carry out projects for the purpose outlined above.

2. *Significant Accounting Policies*

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting principles are considered significant:

a) Basis of Accounting

The Agri-Food Innovation Fund financial statements have been prepared on the accrual basis of accounting.

b) Revenue Recognition

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenditures.

Funding received from the Government of Saskatchewan is not considered to be externally restricted because the Fund is controlled by the Government.

c) Receivables/Payables

These financial instruments are both interest and non-interest bearing and are due or

payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of amounts due from the General Revenue Fund.

3. *Related Party Transactions*

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since they are all controlled by the Government. These financial statements include transactions with other Government agencies.

The Fund earned interest income of $420,218 (2001 - $731,146) on monies deposited in the General Revenue Fund. At year end, the Fund had monies deposited in the General Revenue Fund totalling $10,182,767 (2001 - $13,980,248).

Included in accounts receivable is $0 (2001 - $150,000) from Saskatchewan Agriculture and Food for the Spoke Site Endowment Project.

In accordance with Section 9 of *The Agri-Food Innovation Act*, the Minister of Agriculture, Food and Rural Revitalization may provide to the Fund any supplies and employee services required to carry out its responsibilities. The Fund received office space and administrative services from Saskatchewan Agriculture, Food and Rural Revitalization without charge.

Included in prepaid expenditures are amounts paid to related parties of $722,431 (2001 - $647,885) and included in accounts payable are amounts due to related parties of $96,653 (2001 - $155,106).

During the year, the Fund made payments totalling $1,340,117 (2001 - $3,075,754) to related parties.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

4. *Due From General Revenue Fund*

The monies of the Agri-Food Innovation Fund are deposited in the General Revenue Fund. The Agri-Food Innovation Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Agri-Food Innovation Fund using the Government's thirty-day borrowing rate and the Agri-Food Innovation Fund's daily balance. The average thirty-day borrowing rate for the year was 3.41% (2001 – 5.59%)

5. Comparison of Planned and Actual Results for the Year Ended March 31, 2002

	2001-02	
	Budget	Actual
Expenditures:		
Board expenditures	$ 18,000	$ 14,484
Office supplies	4,000	1,637
Contractual services - Strategic Projects	8,675,000	5,463,740
Communication activities	432,000	265,983
	$ 9,129,000	$ 5,745,844

The Board approved the budget for expenditures at its February 22, 2001 meeting.

6. Federal Government Funding

Canada contributed $2,277,335 (2001 - $7,597,289) in the year under Section 5.3 of the Agreement. Under the Agreement, interest accrues on Canada's contributions until they are spent. Canada's contributions include interest of $3,686 (2001 - $85,780).

When the Agri-Food Innovation Fund Board approves a designated federal agency to carry out a project or program, the funding is provided to the agency by Canada. The project or program revenues and expenditures are recorded in the Fund. Included in revenue and expenditure on the Statement of Revenue, Expenditure and Net Financial Assets is $2,173,889 (2001 - $3,326,852) for projects funded directly by Canada.

7. Commitments

At March 31, 2002, the Board had approved Strategic Projects that will be expended in future years.

March 31, 2003	$ 9,072,461
March 31, 2004	1,059,318
March 31, 2005	932,693
	$ 11,064,472

AGRI-FOOD INNOVATION FUND
Supplementary Information
For the 2001-02 Annual Report

UNAUDITED

List of Payees who received $2,500 or more for the provision of personal services

Board Expenditures:		
Travel and meetings	$	9,107
Payees under $2,500		5,463
Net accrual adjustments		(86)
Total Travel and Personal Services		14,484

List of Payees who received $20,000 or more for the provision of goods and services, including office supplies, communications and contracts.

Strategic Projects	
Agricultural Biotechnology Initiative	20,000
Agriculture Institute of Management in Saskatchewan	80,000
Ag-West Biotech	51,000
Conservation Learning Centre	31,000
Cowessess Treaty Land Entitlement	20,000
Durafibre Inc.	36,958
Garven & Associates	23,750
Gebhardt Consulting	24,000
Indian Head Agriculture Research Foundation	103,700
Marmax Consultants	313,000
MCN Canola Products Inc.	41,281
Nixdorf, Raymond	74,843
Northeast Agriculture Research Foundation	43,400
Performance Plants Inc.	30,000
Plant Biotechnology Institute	805,000
Prairie Agricultural Machinery Institute	47,000
Prairie Farm Rehabilitation Administration	1,648,912
Prairie Feed Resource Centre	50,000
Prairie Plant Systems Inc.	20,000
Saskatchewan Aginfonet Inc.	36,059
Saskatchewan Association of Rural Municipalities	62,000
Saskatchewan Bison Association	152,480
Saskatchewan Bounty Inc.	80,000
Saskatchewan Food Industry Development Centre	200,000
Saskatchewan Fruit Growers Association	90,000
Saskatchewan Nutraceutical Network	95,000
SaskPork	570,772
Saskatchewan Pulse Growers	75,000

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UNAUDITED

List of Payees who received $20,000 or more for the provision of goods and services, including office supplies, communications and contracts – continued.

Strategic Projects continued	
Saskatchewan Seed Potato Growers Association	24,000
Sullivan, Andrew	71,577
Sweetman, Glen	72,086
University of Saskatchewan	365,975
Veterinary Infectious Disease Organization	100,000
Western Beef Development Centre Inc.	161,000
Wheatland Conservation Area Inc.	64,500
Payees under $20,000	299,828
Net accrual adjustments	(520,381)
Total Strategic Projects	5,463,740
Supplier Payments	
Palmer Jarvis Communications	74,941
Printwest Communications Ltd.	39,950
Trinity Communications Inc.	53,814
Payees under $20,000	84,117
Net accrual adjustments	14,798
Total Supplier Payments	267,620
Total	$ 5,745,844